REMARKS

Claim 1 is rejected by the office action dated April 1, 2003. Claim 2 has been added. The Examiner's reconsideration of the rejection is respectfully requested in view of the above amendment and the following remarks.

Claim 1 was rejected under 35 U.S.C. 103 as unpatentable over Fitzgerald. The Examiner stated, in part, "Fitzgerald fails to disclose the claimed video processor for decompressing, however, it would have been obvious to modify Fitzgerald to include compressing and decompressing segments to minimize bandwidth consumption by transmitting compressed data."

The rejection is respectfully traversed.

Claim 1 of the present application recites, inter alia, "a terminal processor having associated memory input device and display for generating said requests for delivery of selected segments of said audiovisual programs from said distribution center and for coordinating transfer of said program segments delivered from said distribution center; and a video processor for decompressing said program segments in compressed video format".

Claim 2 recites, inter alia, "handling at a distribution center requests for delivery of selected segments of said audiovisual programs from a plurality of subscribers and allocating servicing of said requests to control processing units, each of the control processing units performs; receiving commands for handling the distribution of said requested selected program segments; storing and compressing said requested selected program segments; coordinating

transfer of said requested program segments to subscribers corresponding to said requests; receiving by a subscriber said requested program segments; and decompressing said program segments from compressed video format.

Fitzgerald discloses a method for scheduling data transfer in a video-on-demand server system. The server system locates available bandwidth among the channels and allocate available bandwidth to subscribers as needed. The server schedules outputting of video programs selected by subscribers based on available bandwidth among the storage devices that hold video programs. Data transfer scheduling are based on columns of time slots, in a time multiplexing manner. There is no disclosure or suggestion in Fitzgerald of sending and receiving video programs in compressed form and then decompressed at the subscribers' end when received, essentially as claimed in claims 1 and 2 of the present application. According to claimed features of the present invention, compression/decompression of video program reduces bandwidth requirements of the communication channel, and as such, the allocating of bandwidth by time multiplexing data transfer as taught by Fitzgerald may not be needed. Therefore, applicant respectfully disagrees that it would have been obvious to modify Fitzgerald to include compressing and decompressing segments to minimize bandwidth consumption. Thus, one skilled in the art would not have been lead to a compression/decompression solution based on the teaching of Fitzgerald without a hindsight reading of the teachings of the present application. Accordingly, it is believed that claims 1

and 2 are patentably distinct and nonobvious in view of Fitzgerald. The Examiner's reconsideration of the rejection is respectfully requested.

CONCLUSION

For the foregoing reasons, the present application including claims 1 and 2 is in condition for allowance. The Examiner's early and favorable action is respectfully urged.

Respectfully submitted,

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